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# **TOWN OF OLLA, LOUISIANA**

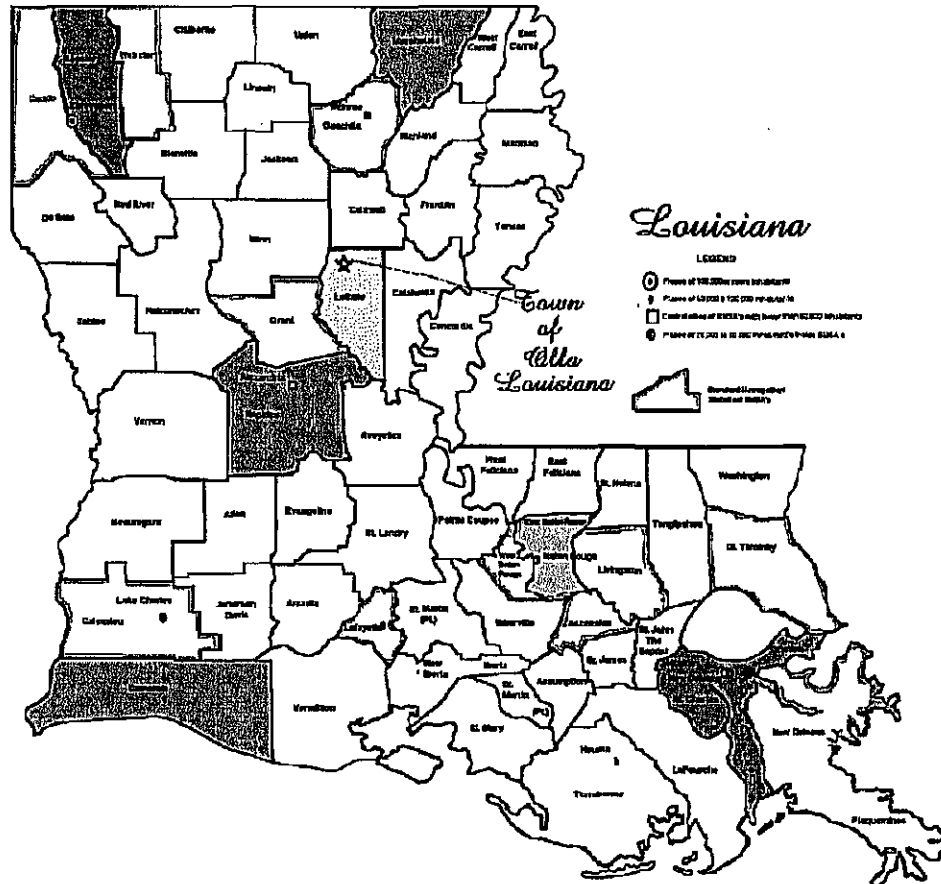
## **Annual Financial Statements**

**JUNE 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/4/09

# TOWN OF OLLA, LOUISIANA



The Town of Olla was incorporated under the Lawrason Act in August of 1899. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, sanitation, utilities (water and sewer services)/ and general administrative functions, including coordination of related services with Parish, State and Federal governing bodies.

**TOWN OF OLLA, LOUISIANA**  
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**June 30, 2008**

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Wanda Love, Mayor  
& Members of the Town Council  
Olla, Louisiana

We have audited the accompanying basic financial statements of the governmental activities and the business-type activities of the Town of Olla, Louisiana, as of and for the year ended June 30, 2008 which collectively comprise the Town's financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Olla, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Town of Olla, Louisiana, as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2008, on our consideration of the Town of Olla, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*John R. Vercher PC*

October 7, 2008

Jena, Louisiana

# TOWN OF OLLA

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Olla, Louisiana 71465  
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## MANAGEMENTS DISCUSSION AND ANALYSIS

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As management of the Town, we offer readers of the Town of Olla's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

#### *Governmental Funds*

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$941,191 (*net assets*). This is a \$146,859 decrease from last year.
- The Town had total revenue of \$1,191,096, in which \$541,720 came from Grants and \$314,325 came from Fees & Charges. This is a \$93,629 increase from last year's revenues, mainly due to an increase in Grants in the amount of \$224,751.
- The Town had total expenditures of \$1,263,273, which is a \$250,992 increase from last year. The main cause for this increase is due to an increase in Capital Outlays in the amount of \$225,845.

#### *Enterprise Funds*

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,649,408 (*net assets*). This is a \$418,516 increase from last year.
- The Town had total revenue of \$1,010,467, including operating revenues of \$492,862 and non-operating revenues of \$517,605. This is a \$294,574 increase from last year, mainly due to an increase in Capital Grants in the amount of \$285,809.
- The Town had total expenses of \$623,510, in which \$589,585 was operating expenses and \$33,925 was non-operating expenses. This is an \$85,900 increase from last year, mainly due to an increase in Operating/Administrative Water & Sewer expenses in the amount of \$75,258.

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## MD&A

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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Town adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

### FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### Reporting the Town's Most Significant Funds

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

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## MD&A

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### GOVERNMENTAL FUNDS Comparative Statement of Net Assets

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2008:

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
<b>Assets</b>			
Cash & Investments	\$ 609,862	\$ 512,622	-15.9%
Receivables	21,814	25,213	15.6%
Capital Assets, Net of Accumulated Depreciation	<u>697,262</u>	<u>623,263</u>	-10.6%
<b>Total Assets</b>	<u>1,328,938</u>	<u>1,161,098</u>	-12.6%
<b>Liabilities &amp; Net Assets</b>			
Accounts, Salaries, & Other Payables	11,304	21,199	87.5%
Bonds & Notes Payable	<u>229,584</u>	<u>198,708</u>	-13.4 %
<b>Total Liabilities</b>	<u>240,888</u>	<u>219,907</u>	-8.7%
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	467,678	424,555	-9.2%
Unrestricted	<u>620,372</u>	<u>516,636</u>	-16.7%
<b>Total Net Assets</b>	<u>\$ 1,088,050</u>	<u>\$ 941,191</u>	-13.5%

### Comparative Changes in Fund Balances

The following table reflects the condensed Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2008:

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Total Revenues	\$ 1,097,467	\$ 1,191,096	8.5%
Total Expenditures	(1,012,281)	(1,263,273)	24.8%
Total Transfers In (Out)	<u>(4,731)</u>	<u>(31,559)</u>	-567.1%
Increase (Decrease) in Fund Balances	<u>80,455</u>	<u>(103,736)</u>	-228.9%
Prior Period Adjustments	<u>(8,708)</u>	<u>-0-</u>	100.0%
<b>Ending Fund Balances</b>	<u>\$ 620,372</u>	<u>\$ 516,636</u>	-16.7%



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## MD&A

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### ENTERPRISE FUNDS

#### Comparative Statement of Net Assets

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2008:

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
<b>Assets</b>			
Cash & Investments	\$ 74,972	\$ 44,419	-40.8%
Receivables	40,782	44,856	10.0%
Restricted Assets	286,081	261,596	-8.6%
Capital Assets, Net of Accumulated Depreciation	1,510,144	1,964,866	30.1%
<b>Total Assets</b>	<u>1,911,979</u>	<u>2,315,737</u>	21.1%
<b>Liabilities and Net Assets</b>			
Accounts, Salaries, & Other Payables	11,259	19,105	69.7%
Other Liabilities	50,425	55,250	9.6%
Bonds Payable	619,403	591,974	-4.4%
<b>Total Liabilities</b>	<u>681,087</u>	<u>666,329</u>	-2.2%
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	917,680	1,399,831	52.5%
Restricted For Debt Service	174,069	149,739	-14.0%
Unrestricted	139,143	99,838	-28.2%
<b>Total Net Assets</b>	<u>\$ 1,230,892</u>	<u>\$ 1,649,408</u>	34.0%

#### Comparative Changes in Net Assets

The following table reflects the condensed Comparative Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2008:

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Operating Revenues	\$ 483,293	\$ 492,862	2.0%
Non-Operating Revenues	232,600	517,605	122.5%
<b>Total Revenues</b>	<u>715,893</u>	<u>1,010,467</u>	41.1%
Operating Expenses	515,758	589,585	14.3%
Non-Operating Expenses	21,852	33,925	55.2%
<b>Total Expenses</b>	<u>537,610</u>	<u>623,510</u>	16.0%
Transfers In (Out)	4,731	31,559	567.1%
<b>Increase (Decrease) in Net Assets</b>	183,014	418,516	128.7%
Prior Period Adjustments	3,838	-0-	-100.0%
<b>Beginning Net Assets</b>	1,044,040	1,230,892	17.9%
<b>Ending Net Assets</b>	<u>\$ 1,230,892</u>	<u>\$ 1,649,408</u>	34.0%

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## MD&A

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### CAPITAL ASSETS

#### *Capital Assets – Governmental Fund*

At June 30, 2008, the Town had \$623,263 invested in capital assets, including land, buildings, improvement, and equipment. This amount is a \$73,999 decrease from last year.

##### Capital Assets at Year-End

	2007	2008
General *	\$ 1,349,492	\$ 1,401,735
Police	103,856	105,662
Fire	232,107	232,107
Street & Sanitation	22,964	23,664
Accumulated Depreciation	(1,011,157)	(1,139,905)
<b>Total Capital Assets, Net</b>	<b>\$ 697,262</b>	<b>\$ 623,263</b>

\* Land in the amount of \$198,188 and Construction in Progress in the amount of \$51,299 are not being depreciated.

#### *Capital Assets – Enterprise Fund*

At June 30, 2008, the Town had \$1,964,866 invested in capital assets, including the buildings, sewer system, machinery, and equipment. This amount is a \$454,722 increase from last year.

##### Capital Assets at Year-End

	2007	2008
Water System	\$ 1,359,537	\$ 1,402,958
Sewer System	2,043,285	2,058,078
Construction in Progress *	281,482	776,359
Accumulated Depreciation	(2,174,160)	(2,272,529)
<b>Total Capital Assets, Net</b>	<b>\$ 1,510,144</b>	<b>\$ 1,964,866</b>

\* Construction in Progress in the amount of \$776,359 is not being depreciated.

### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show that the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Wanda Love at the Town Hall, phone number (318) 495-5151.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF OLLA, LOUISIANA**  
**Statement of Net Assets**  
**June 30, 2008**

	<b>PRIMARY GOVERNMENT</b>			<b>Component Unit Cemetery Board</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 162,622	\$ 16,142	\$ 178,764	\$ 3,684
Investments	350,000	28,277	378,277	193,944
Receivables, Net of Allowances for Uncollectable	25,213	44,856	70,069	-0-
Restricted Assets	-0-	261,596	261,596	-0-
Capital Assets, Net of Accumulated Depreciation	623,263	1,964,866	2,588,129	-0-
<b>TOTAL ASSETS</b>	<u>1,161,098</u>	<u>2,315,737</u>	<u>3,476,835</u>	<u>197,628</u>
<b>LIABILITIES</b>				
Accounts, Salaries, & Other Payables	21,199	19,105	40,304	-0-
Other Liabilities	-0-	55,250	55,250	-0-
Current Bonds & Notes Payable	33,421	54,368	87,789	-0-
Non-Current Bonds & Notes Payable	165,287	537,606	702,893	-0-
<b>TOTAL LIABILITIES</b>	<u>219,907</u>	<u>666,329</u>	<u>886,236</u>	<u>-0-</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	424,555	1,399,831	1,824,386	-0-
Restricted	-0-	151,978	151,978	-0-
Unrestricted	516,636	97,599	614,235	197,628
<b>TOTAL NET ASSETS</b>	<u>\$ 941,191</u>	<u>\$ 1,649,408</u>	<u>\$ 2,590,599</u>	<u>\$ 197,628</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES			Component Unit
	Expenses	Charges For Services	Capital Grants & Contributions	Operating Grants & Contributions	Net (Expense) Revenue	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES								
General Government	\$ (324,069)	\$ -0-	\$ -0-	\$ 80,000	\$ (244,069)	\$ (244,069)	\$ -0-	\$ (244,069)
LCDBG Funds	(458,540)	-0-	458,540	-0-	-0-	-0-	-0-	-0-
Public Safety								
Police	(246,505)	24,792	-0-	1,362	(220,351)	(220,351)	-0-	(220,351)
Fire	(55,196)	73,075	-0-	1,818	19,697	19,697	-0-	19,697
Public Works								
Streets & Sanitation	(176,421)	117,496	-0-	-0-	(58,925)	(58,925)	-0-	(58,925)
Dixie Center	(31,185)	-0-	-0-	-0-	(31,185)	(31,185)	-0-	(31,185)
Interest on Long-Term Debt	(13,606)	-0-	-0-	-0-	(13,606)	(13,606)	-0-	(13,606)
TOTAL GOVERNMENTAL ACTIVITIES	<u>(1,305,522)</u>	<u>215,363</u>	<u>458,540</u>	<u>83,180</u>	<u>(548,439)</u>	<u>(548,439)</u>		<u>(548,439)</u>
BUSINESS-TYPE ACTIVITIES								
Water & Sewer	(589,585)	319,316	505,275	-0-	235,006	235,006		235,006
Interest on Long-Term Debt	(33,925)	-0-	-0-	-0-	(33,925)	(33,925)		(33,925)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>(623,510)</u>	<u>319,316</u>	<u>505,275</u>	<u>-0-</u>	<u>201,081</u>	<u>201,081</u>		<u>201,081</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (1,929,032)</u>	<u>\$ 534,679</u>	<u>\$ 963,815</u>	<u>\$ 83,180</u>	<u>\$ (347,358)</u>			<u>(347,358)</u>
GENERAL REVENUES:								
Fines & Penalties						166,525	-0-	166,525
Taxes						42,355	-0-	42,355
Donations						16,339	-0-	16,339
Fees						77,248	-0-	77,248
Reimbursements & Insurance						52,482	-0-	52,482
Licenses & Permits						57,928	-0-	57,928
Investment Earnings						21,136	-0-	21,136
Other General Revenues						-0-	7,784	7,784
TRANSFERS IN/(OUT)						(31,559)	31,559	-0-
TOTAL GENERAL REVENUES & TRANSFERS						<u>402,454</u>	<u>217,435</u>	<u>619,889</u>
CHANGE IN NET ASSETS						(145,985)	418,516	272,531
PRIOR PERIOD ADJUSTMENT						(874)	-0-	(874)
NET ASSETS-BEGINNING						1,088,050	1,230,892	2,318,942
NET ASSETS-ENDING						<u>\$ 941,191</u>	<u>\$ 1,649,408</u>	<u>\$ 2,590,599</u>
								<u>\$ 197,638</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Balance Sheet, Governmental Funds**  
**June 30, 2008**

	<b>GENERAL FUND</b>
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 162,622
Investments	350,000
Receivables (Net of Allowances for Uncollectable)	25,213
<b>TOTAL ASSETS</b>	<u>537,835</u>
 <b>LIABILITIES &amp; FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts, Salaries, & Other Payables	<u>21,199</u>
<b>TOTAL LIABILITIES</b>	<u>21,199</u>
 <b>FUND BALANCE</b>	
Reserved for Debt Service	-0-
Unreserved, Reported In General Fund	<u>516,636</u>
 <b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	 <u>\$ 537,835</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Reconciliation of The Government Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Assets**  
**June 30, 2008**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance, Total Governmental Funds (Statement C)			\$ 516,636
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	Capital Assets	1,763,168	
	Accum. Depr.	<u>(1,139,905)</u>	
			623,263
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Other			<u>(198,708)</u>
Net Assets of Governmental Activities (Statement A)			\$ <u>941,191</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Revenues, Expenditures &**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

	GENERAL FUND	LCDBG #628278	TOTAL
<b>REVENUES</b>			
Fees & Charges	\$ 314,325	\$ -0-	\$ 314,325
Taxes	42,355	-0-	42,355
Fines	166,525	-0-	166,525
Grants	83,180	458,540	541,720
Donations	16,339	-0-	16,339
Insurance	43,229	-0-	43,229
Interest	21,136	-0-	21,136
Reimbursements	45,467	-0-	45,467
<b>TOTAL REVENUES</b>	<u>732,556</u>	<u>458,540</u>	<u>1,191,096</u>
<b>EXPENDITURES</b>			
General & Administrative	195,321	8,663	203,984
Police Expense	246,505	-0-	246,505
Fire	55,196	-0-	55,196
Street & Sanitation	176,421	-0-	176,421
Dixie Center	31,185	-0-	31,185
Debt Service	45,356	-0-	45,356
Capital Outlay	54,749	449,877	504,626
<b>TOTAL EXPENDITURES</b>	<u>804,733</u>	<u>458,540</u>	<u>1,263,273</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(72,177)</u>	<u>-0-</u>	<u>(72,177)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In/(Out)	<u>(31,559)</u>	<u>-0-</u>	<u>(31,559)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(31,559)</u>	<u>-0-</u>	<u>(31,559)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(103,736)	-0-	(103,736)
<b>FUND BALANCES--BEGINNING</b>	620,372	-0-	620,372
<b>FUND BALANCES--ENDING</b>	<u>\$ 516,636</u>	<u>\$ -0-</u>	<u>\$ 516,636</u>

The accompanying notes are an integral part of this statement.



**TOWN OF OLLA, LOUISIANA**  
**Reconciliation of The Statement of Revenues, Expenditures,**  
**& Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2008**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E \$ (103,736)

Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their Estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Purchases	54,749	
Depreciation Exp	<u>(128,748)</u>	
		(73,999)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt Issue	-0-	
Principal Paid	<u>31,750</u>	
		<u>31,750</u>

Changes in Net Assets of Governmental Activities, Statement B \$ (145,985)

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Net Assets, Proprietary Funds**  
**June 30, 2008**

	<b>BUSINESS-TYPE  ACTIVITIES  ENTERPRISE FUNDS  (Major Enterprise Funds)  WATER &amp; SEWER FUND</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash & Cash Equivalents	\$ 16,142
Investments	28,277
Receivables (Net of Allowances for Uncollectable)	44,856
<b>TOTAL CURRENT ASSETS</b>	<u>89,275</u>
<b>NON-CURRENT ASSETS</b>	
Restricted Assets	261,596
Capital Assets (Net of Accumulated Depreciation)	1,964,866
<b>TOTAL NON-CURRENT ASSETS</b>	<u>2,226,462</u>
<b>TOTAL ASSETS</b>	<u>2,315,737</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts, Salaries, & Other Payables	19,105
<b>TOTAL CURRENT LIABILITIES</b>	<u>19,105</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>	
Customer Deposits	55,250
Accrued Interest Payable	26,939
Revenue Bonds Payable	27,429
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<u>109,618</u>
<b>NON CURRENT LIABILITIES</b>	
Revenue Bonds	537,606
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>537,606</u>
<b>TOTAL LIABILITIES</b>	<u>666,329</u>
<b>NET ASSETS</b>	
Invested in Capital Assets Net of Related Debt	1,399,831
Restricted for Debt Service	149,739
Unrestricted	99,838
<b>TOTAL NET ASSETS</b>	<u>\$ 1,649,408</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**June 30, 2008**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds) TOTAL ENTERPRISE FUNDS</b>
<b>OPERATING REVENUES</b>	
Water Sales	\$ 242,606
Sewer Charges	76,710
Sales Tax	165,762
Other	7,784
<b>TOTAL OPERATING REVENUES</b>	<u>492,862</u>
<b>OPERATING EXPENSES</b>	
Operating/Administrative Water	265,792
Operating/Administrative Sewer	225,424
Depreciation	98,369
<b>TOTAL OPERATING EXPENSES</b>	<u>589,585</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(96,723)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Capital Grant	505,275
Interest Earnings	12,330
Interest Expense	(33,925)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>483,680</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>386,957</u>
Transfers In/(Out)	<u>31,559</u>
<b>CHANGE IN NET ASSETS</b>	418,516
<b>TOTAL NET ASSETS - BEGINNING</b>	1,230,892
<b>TOTAL NET ASSETS - ENDING</b>	\$ <u>1,649,408</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2008**

	<u>ENTERPRISE FUND</u>
	<u>WATER &amp; SEWER FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts From Customers, Users, & Taxes	\$ 485,829
Receipts From Other Revenue	7,784
Payments to Suppliers & Employees	(510,799)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(17,186)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers From Other Funds	31,559
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>31,559</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	
Receipts From Capital Grants	505,275
Interest Paid on Capital Debt	(33,925)
Acquisition & Construction of Capital Assets	(553,091)
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(81,741)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Decrease in Investments	15,630
Decrease in Restricted Assets	24,485
Interest & Dividends Received	12,330
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>52,445</u>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	(14,923)
<b>CASH - BEGINNING OF YEAR</b>	31,065
<b>CASH - END OF YEAR</b>	<u>16,142</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
<b>OPERATING INCOME/(LOSS)</b>	<u>(96,723)</u>
Depreciation Expense	98,369
(Increase) Decrease in Accounts Receivable	(4,074)
Increase (Decrease) in Accounts Payables	7,846
Increase (Decrease) in Customer Deposits	4,825
Increase (Decrease) in Revenue Bonds Payable	(27,429)
<b>TOTAL ADJUSTMENTS</b>	<u>79,537</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (17,186)</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Olla was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accounting and reporting policies of the Town of Olla conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

#### **Reporting Entity**

The Town is governed by an elected mayor and five-member council. As required by generally accepted accounting principles, these financial statements present the Town (the primary government) and its component units, entities for which the government is considered to be financially accountable.

Component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the Town, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the Town.

## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

#### **The Cemetery Board**

The Cemetery Board was created to manage and maintain the Olla Cemetery. The board members are appointed by the Town of Olla, Louisiana and utilize the Town's facilities and assets. Therefore, the Cemetery Fund is considered a component unit of the Town of Olla, Louisiana.

The following is a summary of certain significant accounting policies:

#### **A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

*The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.*

The municipality reports the following major proprietary funds:

- Water and Sewer Fund

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.



## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **C. FIXED ASSETS & LONG-TERM LIABILITIES**

For the year ended June 30, 2008, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Water System	40
Sewer System	40
Buildings	40
Equipment	5-10

#### **D. BUDGETS & BUDGETARY ACCOUNTING**

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

- (1) The Town clerk prepares a proposed budget based on departmental group budget requests, and submits the same to the Mayor and Board of Aldermen for approval.
- (2) The Town does not utilize the budget in comparison form in financial statement presentation during the year.
- (3) All budgetary appropriations lapse at the end of the fiscal year.
- (4) The Town does not utilize encumbrance accounting.
- (5) The budget was amended during the year.

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

### E. CASH & INVESTMENTS

All cash and investments (CD's over 90 days) are reported at cost and are on deposit at federally insured banks.

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end. All deposits were secured at the year-end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- *Category 3* – Uncollateralized.

The Cemetery Board (Component Unit) holds the following investments:

	Value At 6-30-2008
50 Shares of First Energy	\$ 4,117
60 Shares of Pacific Gas	2,381
<b>Total</b>	<b>\$ 6,498</b>

### F. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

### G. ACCOUNTS RECEIVABLE & BAD DEBTS – GENERAL FUND & ALLOWANCE FOR BAD DEBTS – ENTERPRISE FUND

At June 30, 2008 no reserve for bad debts in the general fund was required since the estimated uncollectable receivables outstanding were considered immaterial.

	Enterprise Fund	Governmental Fund
	Water and Sewer Fund	General Fund
Tax & License	\$ 15,611	\$ 14,188
Customer	30,784	11,025
Allowance for Bad Debts	(1,539)	-0-
<b>Total</b>	<b>\$ 44,856</b>	<b>\$ 25,213</b>

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

#### H. COMPENSATED ABSENCES

The Town has no compensated absence policy.

#### I. RESERVES

The Town records reserves to indicate that a portion of its retained earnings/fund balances is legally restricted for a specific future use. The following is a list of such reserves and a description of each:

##### *Reserved for System Maintenance*

This amount represents monies reserved for repairs and replacement of the water system.

##### *Reserved - Revenue Bonds*

This amount represents monies reserved as required by the revenue bond indentures.

##### *Reserved for Debt Service*

Certain assets have been reserved in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

#### 2. AD VALOREM TAXES

The Town levies taxes on real and business personal property located within its boundaries. The Town utilizes the services of the LaSalle Parish Tax Assessor to assess the property values and prepare the Town's property tax roll. The Town bills and collects its own property taxes.

##### Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended June 30, 2008, taxes of 8.32 mills were levied against property having a valuation of some \$3,755,840, which produced some \$31,249 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
General Alimony	8.32
<b>Total</b>	<u>8.32</u>

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

### 3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At June 30, 2008, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	Water	Sewer
Bond Sinking	\$ 36,842	\$ 49,811
Meter Deposit	57,489	-0-
Bond Reserve	-0-	41,900
Depreciation & Contingencies	25,225	50,329
<b>Total</b>	<b>\$ 119,556</b>	<b>\$ 142,040</b>

### 4. FIXED ASSETS

#### *Governmental Fund:*

A summary of governmental fund assets at June 30, 2008, is as follows:

	Balance 6-30-2007	Additions	Deletions	Balance 6-30-2008
General/Administrative *	\$ 1,349,492	\$ 52,243	\$ -	\$ 1,401,735
Police	103,856	1,806	-0-	105,662
Fire	232,107	-0-	-0-	232,107
Street & Sanitation	22,964	700	-0-	23,664
<b>Total Capital Assets</b>	<b>1,708,419</b>	<b>54,749</b>	<b>-0-</b>	<b>1,763,168</b>
Accumulated Depreciation	(1,011,157)	(128,748)	-0-	(1,139,905)
<b>Total Capital Assets, Net</b>	<b>\$ 697,262</b>	<b>(73,999)</b>	<b>-0-</b>	<b>\$ 623,263</b>

\* Land in the amount of \$198,188 and Construction in Progress in the amount of \$51,299 are not being depreciated.

Government fund assets are depreciated on the straight-line basis using the following useful lives:

Equipment	5-10 Years
Buildings	40 Years

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

### *Property Enterprise Fund:*

A summary of enterprise fund property, plant and equipment at June 30, 2008, is as follows:

	Balance 6-30-2007	Additions	Deletions	Balance 6-30-2008
Water System	\$ 1,359,537	\$ 43,421	\$ -0-	\$ 1,402,958
Sewer System	2,043,285	14,793	-0-	2,058,078
Construction in Progress *	281,482	494,877	-0-	776,359
<b>Total Capital Assets</b>	<u>3,684,304</u>	<u>553,091</u>	<u>-0-</u>	<u>4,237,395</u>
Accumulated Depreciation	(2,174,160)	(98,369)	-0-	(2,272,529)
<b>Total Capital Assets, Net</b>	<u>\$ 1,510,144</u>	<u>\$ 454,722</u>	<u>\$ -0-</u>	<u>\$ 1,964,866</u>

\* Construction in Progress in the amount of \$776,359 is not being depreciated.

Enterprise fund assets are depreciated on the straight-line basis using the following useful lives:

Sewer Plant	40 Years
Water Plant	40 Years
Equipment	5-10 Years

### 5. CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Town of Olla for the year ended June 30, 2008.

	Balance 6-30-2007	Additions	Reductions	Balance 6-30-2008
Revenue Bonds & Notes (Business-Type Activities)	\$ 592,464	\$ -0-	\$ (27,429)	\$ 565,035
General Obligation Debt (Governmental Activities)	230,457	-0-	(31,749)	198,708
<b>Total</b>	<u>\$ 822,921</u>	<u>\$ -0-</u>	<u>\$ (59,178)</u>	<u>\$ 763,743</u>

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Bonds and installment notes payable at June 30, 2008 are comprised of the following individual issues:

**Revenue Bonds (Enterprise Fund)**

\$275,000 Water Revenue Bonds dated 12-4-79; due in annual installments of \$5,000 to \$5,000 through December 4, 2019; interest at 5 percent. \$ 112,000

\$200,000 Sewer Revenue Bonds dated 8-14-81; due in annual installments of \$2,000 to \$9,000 through August 14, 2021; interest at 5 percent. 110,066

\$500,000 Sewer Revenue Bonds dated 9-6-89; due in annual installments of \$33,450 through August 14, 2029; interest at 6 percent. 342,969

**General Obligation Note (Governmental Activities)**

\$114,800 lease purchase agreement with Government Capital Corporation for the purpose of procuring a 2003 American LaFrance Pumper dated 2/3/03; Due in annual installments of \$19,267 through September 01/09; interest at 4%. 38,499

The town borrowed \$209,000 from Southern Heritage Bank on July 8, 2005 to pay for the repairing of the roof on the Olla commercial building. Due in ten annual installments of 26,089 through March 1, 2015; interest at 4.5%. 160,209

**Total** **\$ 763,743**

The annual requirements to amortize all debt outstanding as of June 30, 2008, including interest payments, are as follows:

Year Ending June 30,	Water Revenue Bonds	Sewer Revenue Bonds	SHB Note Payable	Fire Dept. Notes Payable	Total
2009	15,000	42,450	26,089	19,267	102,806
2010	15,000	42,450	26,089	19,267	102,806
2011	15,000	42,450	26,089	-0-	83,539
2012	15,000	42,450	26,089	-0-	83,539
2013	15,000	42,450	26,089	-0-	83,539
2014-2018	75,000	212,250	52,178	-0-	339,428
2019-2023	30,000	212,250	-0-	-0-	242,250
2024-2028	-0-	185,250	-0-	-0-	185,250
2029-2033	-0-	15,450	-0-	-0-	15,450
<b>Total</b>	<b>\$ 180,000</b>	<b>\$ 837,450</b>	<b>\$ 182,623</b>	<b>\$ 38,534</b>	<b>\$ 1,238,607</b>

## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

Under the terms of the bond indenture on outstanding Water Revenue Bonds dated December 4, 1979, earnings of the waterworks system are to be maintained separately and used for the following purposes:

- (a) Payment of all reasonable and necessary expenses of operating and maintaining the system.
- (b) Each month there will be set aside into a fund called the "Waterworks Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next principal and interest payment.
- (c) Each month, there will be set aside into a "Waterworks Reserve Fund" 5% of the amount paid into the Sinking Fund until such time as there has been accumulated there in the sum of \$18,750. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not available in the Sinking Fund. As of June 30, 2008 the Town of Olla had set aside the maximum required amount into this "Waterworks Reserve Fund".
- (d) There will also be set aside into a "Waterworks Depreciation and Contingency Fund" \$63 per month. These funds will be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly, and to pay interest and principal on bonds when there is not sufficient money in the Sinking or Reserve Fund.
- (e) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated August 14, 1981, and those dated September 6, 1989, earnings of the Sewer system are to be maintained separately and used for the following purposes:

- (a) Payment of all reasonable and necessary expenses of operating and maintaining the system.
- (b) Each month, there will be set aside into a fund called the "Sinking Fund" an amount constituting 1/12 of the next principal and interest payment.
- (c) Each month, there will be set aside into a "Sewer Reserve Fund" 5% of the amount paid into the Sinking Fund until such time as there has been accumulated there in the sum of \$45,900. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not available in the Sinking Fund. As of June 30, 2008 the Town of Olla had set aside the amount of \$45,216 into this "Sewer Reserve Fund".
- (d) There will also be set aside into a "Sewer Depreciation and Contingency Fund" \$188 per month. These funds will be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly, and to pay interest and principal on bonds when there is not sufficient money in the Sinking or Reserve Funds. When the Revenue Bonds dated August 14, 1991 are paid in full the monthly payment may be reduced to \$144.
- (e) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

At June 30, 2008 the Enterprise Fund Retained Earnings were reserved for the purposes noted above as follows:

Revenue Bond Reserve Fund	\$ 41,900
Depreciation And Contingencies Fund	75,554
Total	<u>\$ 117,454</u>

#### 6. PENSION PLAN

Substantially all employees of the Town of Olla are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustee. Pertinent information relative to each plan follows:

##### *A. Municipal Employees Retirement System of Louisiana (System)*

**Plan Description.** The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. [All employees of the municipality are members of (Plan A) (Plan B)]. [or Some employees of the municipality are members of Plan A and some are members of Plan B.]

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. [Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with a least 25 years of creditable service, or after any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. [Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary.] Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.



## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504)925-4810.

*Funding Policy.* [Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 4.5 percent of annual covered payroll]. [Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 6.75 percent of annual covered payroll.] Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Olla are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Olla's contributions to the System under Plan B for the years ending June 30, 2007 and 2008 were \$14,403 and \$10,360 respectively, equal to the required contributions for each year.

#### *B. Municipal Police Employees Retirement System of Louisiana*

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service are at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504)929-7411.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 13.75 percent of annual covered payroll. The contribution requirements of plan members and the Town of Olla are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Olla's contributions to the System under for the years ending June 30, 2007 and 2008 were \$13,902 and \$13,345, equal to the required contributions for each year.

#### 7. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### 8. ENCUMBRANCES

The Town does not utilize encumbrance accounting.

#### 9. ELECTED OFFICIALS SALARIES

Name	Title	Annual Salary
Wanda Love	Mayor	\$ 15,750
Sidney Emfinger	Councilman (Pro-Tem)	300
Don L. Cupples	Councilman	300
Jeffrey Lasiter	Councilman	600
Doris R Peppers	Councilwoman	300
Wayne Bates	Councilman	300
Gary Taylor	Police Chief	\$ 35,304

#### 10. CONTINGENCIES

The Town was informed by letter on September 15, 1997 by the Louisiana Department of Environmental Quality that the Town is in violation of portions of the Louisiana Environmental Quality Act (La. R.S. 30:2001) as it related to the operation and maintenance of the Town's sewer system.

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

### 11. INSURANCE EXPIRATION DATES

Type	Company	Date Of Expiration
Property	Troy & Montgomery	7/1/2008
General Liability	Troy & Montgomery	7/1/2008
Business Auto	Troy & Montgomery	7/1/2008
Fidelity Bond	Troy & Montgomery	7/1/2008
Workers Compensation	La Municipal Risk Mgt. Agency	1/1/2009

### 12. INTERFUND TRANSFERS

Interfund transfers were made during the year for operational purposes.

### 13. RATES

The Town of Olla Enterprise Fund has the following rates. The deposit amounts are listed below:

Renter	\$	150.00
Owner	\$	75.00

#### *Rate Schedule:*

Water	ICL - \$11.00 for the 1 <sup>st</sup> 2,000 gal., 3.75 per 1,000 thereafter OCL - \$13.50 for the 1 <sup>st</sup> 2,000 gal., 4.75 per 1,000 thereafter
Pleasant Ridge	\$2.75 per 1,000 gal., no minimum
Bulk Water Rates	\$7.50 per 1,000 gal.
Sewer	Residential \$7.50 for 1 <sup>st</sup> 3,000 gal., \$.75 per 1,000 thereafter Commercial \$15.00 for 1 <sup>st</sup> 10,000 gal., \$.75 per 1,000 thereafter
Fire	Residential - \$5.00 In City Limits \$6.50 Out City Limits Commercial - \$11.50 In City Limits \$16.50 Out City Limits
Garbage	Residential \$19.50 per household or unit Commercial \$40.00 & up based on the amount of garbage & amount of time for collection

**REQUIRED SUPPLEMENTAL INFORMATION**

**TOWN OF OLLA, LOUISIANA**  
**Statement of Revenues, Expenditures, & Changes in Fund Balance**  
**Budget & Actual**  
**General Fund**  
**For the Year Ended June 30, 2008**

	<u>BUDGET AMOUNTS</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>VARIANCES FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
Fees & Charges	\$ 311,470	\$ 307,166	\$ 314,325	\$ 7,159
Taxes	39,400	39,487	42,355	2,868
Fines	160,000	170,000	166,525	(3,475)
Grants	130,000	83,607	83,180	(427)
Donations	14,400	14,625	16,339	1,714
Insurance	37,700	38,015	43,229	5,214
Interest	20,500	17,727	21,136	3,409
Other	5,000	-0-	-0-	-0-
Reimbursements	7,000	44,500	45,467	967
<b>TOTAL REVENUES</b>	<u>725,470</u>	<u>715,127</u>	<u>732,556</u>	<u>17,429</u>
<b>EXPENDITURES</b>				
General & Administrative	189,950	185,679	195,321	(9,642)
Police Expense	269,910	271,869	246,505	25,364
Fire	56,622	51,274	55,196	(3,922)
Street & Sanitation	139,375	166,145	176,421	(10,276)
Dixie Center	19,306	31,540	31,185	355
Debt Service	45,367	45,359	45,356	3
Capital Outlay	170,000	54,450	54,749	(299)
<b>TOTAL EXPENDITURES</b>	<u>890,530</u>	<u>806,316</u>	<u>\$ 804,733</u>	<u>1,583</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(165,060)	(91,189)	(72,177)	19,012
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In/(Out)	-0-	(25,600)	(31,559)	(5,959)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-0-</u>	<u>(25,600)</u>	<u>(31,559)</u>	<u>(5,959)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (165,060)</u>	<u>\$ (116,789)</u>	<u>(103,736)</u>	<u>\$ 13,053</u>
<b>FUND BALANCE - BEGINNING</b>			620,372	
<b>FUND BALANCE - ENDING</b>			<u>\$ 516,636</u>	

The accompanying notes are an integral part of this statement.

## **OTHER REPORTS**

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**JOHN R. VERCHER PC**  
***Certified Public Accountants***

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Fax: (318) 992-4374

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Wanda Love, Mayor  
and Members of the Town Council  
Olla, Louisiana

We have audited the accompanying basic financial statements of the Town of Olla, Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Town of Olla's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Olla's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Olla's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Town of Olla's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Olla's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Olla's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

*John R. Vercher PC*

October 7, 2008  
Jena, Louisiana



**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**For the Year Ended June 30, 2008**

We have audited the basic financial statements of the Town of Olla, Louisiana, as of and for the year ended June 30, 2008 and have issued our report thereon dated October 7, 2008. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2008 resulted in an unqualified opinion.

## Section I - Summary of Auditor's Reports

**a. Report on Internal Control and Compliance Material to the Financial Statements**

## Internal Control

Material Weaknesses ☐ Yes ☒ No Other Conditions ☐ Yes ☒ No

## Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

**b. Federal Awards (Not Applicable)**

## Internal Control

**Material Weaknesses** ☐ Yes ☐ No **Reportable Conditions** ☐ Yes ☐ No

Type of Opinion On Compliance    Unqualified ☐    Qualified ☐  
For Major Programs                    Disclaimer ☐    Adverse ☐

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes    ☐ No

**c. Identification Of Major Programs:**

**CFDA Number (s)****Name Of Federal Program (or Cluster)**

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

**TOWN OF OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)**  
**For the Year Ended June 30, 2008**

**Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS**

No items to report.

**Section III – Internal Control**

No items to report.

**Section IV Federal Awards Findings and Questioned Costs**

Not applicable.

## **TOWN OF OLLA, LOUISIANA**

### **MANAGEMENT LETTER COMMENTS**

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During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

#### **CURRENT YEAR MANAGEMENT LETTER COMMENTS**

There are no current year management letter comments.

**TOWN OF OLLA, LOUISIANA**

**MANAGEMENT'S SUMMARY  
OF PRIOR YEAR FINDINGS**

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Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Town of Olla, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2007.

**PRIOR YEAR FINDINGS**

There were no prior year findings.